

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN 98-12

TO: All Insurance Companies and Individuals Settling Claims in Alaska

RE: Standards for Prompt, Fair, and Equitable Claim Settlements

Recently, the division of insurance became aware of an insurer practice in settling claims that is causing delay for the consumer in violation of AS 21.36.125 and 3 AAC 26.070.

3 AAC 26.070(d) states:

Any person transacting a business of insurance who participates in the investigation, adjustment, negotiation, or settlement of a claim shall pay a judgment or settlement of the claim (including advances, partial settlements, or similar payments) with a negotiable check payable in cash to the payee upon presentation to a bank located in Alaska. If the check is not drawn upon a bank having a physical location in Alaska, it must be payable in cash upon presentation to at least one bank having a physical location in Alaska.

The division understands that some insurers have used claim checks drawn on out-of-state banks without disclosing to the claimant or payee which local bank will cash the check immediately upon presentation. To avoid violating the above statute or regulation, an insurer using out-of-state claim checks should adopt a method of written disclosure to the consumer that identifies the local bank at which a settlement check may be presented and cashed immediately without delay.

If you have any questions regarding this bulletin, please contact the Consumer Service Section of the Division of Insurance; 3601 C Street, Suite 1324; Anchorage, AK 99503-5948; (907) 269-7900; fax (907) 269-7910; or via electronic mail at: .

DATED: October 28, 1998.



Marianne K. Burke
Director of Insurance